

During Fiscal 2003 we accomplished the goals set for ourselves a year ago. During the year we:

- Implemented budget-type controls to the capital project funds to account more precisely for sources of funds and the proposed uses of those funds. The Engineering Department and the Finance Department meet biweekly to monitor the progress of the capital projects. This cooperation and communications has been invaluable. This cooperation has allowed us to implement Multi-Year Budgeting, Purchase Orders and avoid overexpenditures. Capital project deficits continue to be a significant problem, but we were able to overcome a significant amount, culminating in the certification \$1,162,170 of Free Cash by the Mass. Department of Revenue.
- Implemented the Trust Funds Model for Health Insurance. Because we are self insured for Blue Cross Blue Shield HMO Blue and Master Medical, we pay actual claims. Because claims vary with the wellness of our participants, expenditures can vary as well. To reduce the variability of the expenditures, we established a trust fund into which we deposit full, actuarially based "working rate" appropriations. From this trust fund we pay the claims in the appropriate percentage splits between employee and employer. A positive variance between what is appropriated to the trust and what is actually expended was expected and achieved. The Employee Health Insurance Trust Fund ended the year with \$63,591, and the Employer Health Insurance Trust Fund ended the year with \$130,284 This annual variance will not always be positive, but every effort to maintain a positive fund balance will be made. In the years when our participants are more ill than expected, the trust fund balance will help to stabilize the amount necessary for appropriation.
- While staffing levels and physical office space impede this vital control, we will continue to improve on the fundamental segregation of duties control. We have begun by empowering the City Accountant to sign contracts and change orders rather than the Director of Finance. This segregation is essential, and will result in better accountability throughout the organization.
- We have developed and begun to implement a comprehensive Tax Title collection plan. This plan calls for contacting delinquent taxpayers to set up either full payments to redemption, payment plans or foreclosure. We have reviewed the documentation and reorganized the records to better expedite collection. We have identified the 178 tax title properties. The goal is to maintain this receivable at a level equal to the amount unpaid each year at June 30th. We estimate this amount to be \$350,000. We currently have approximately \$1.8 million to be collected.